

1 Q. **Reference: 2018 Cost of Service Methodology Review Report dated November 15, 2018**

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3 On page 40 (lines 19 - 21) of the CA Energy Consulting Report it is stated with respect to  
4 transmission assets *“Some expenditures might be clearly peak demand-related, while others*  
5 *could be viewed as reliability reinforcement, or replacement and thus assigned to energy for*  
6 *purposes of cost allocation.”* Are Hydro planners able to identify any such facilities on the  
7 Island system, for example, TL267?

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10 A. Beyond constructing transmission to interconnect remotely located generation to the main  
11 transmission system, Newfoundland and Labrador Hydro (“Hydro”) constructs and  
12 maintains common transmission facilities at levels of capability to meet forecast demand  
13 with due regard for the transmission planning criteria. Continued application of the  
14 transmission planning criteria to the main transmission system through annual review  
15 ensures a consistent level of acceptable reliability to the entire transmission system. It is  
16 Hydro’s opinion that construction of transmission to reliably meet the forecast demand of  
17 the system should be functionalized as common transmission and classified as 100%  
18 demand.

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20 With respect to transmission line replacement, Hydro has not replaced an existing  
21 generation-related transmission line (i.e. functionalized common generation). The wood  
22 pole management program is in place on TL 243, TL 234 and TL 263. As such, Hydro  
23 planners are unable to identify transmission assets *“assigned to energy for the purposes of*  
24 *cost allocation”* other than those already connecting remotely located generation to the  
25 grid and functionalized as common generation.